

MEMORANDUM FOR THE RECORD

SUBJECT: Policy Group Meeting On 5 November 1987

ATTENDEES:

[Redacted box for attendees]

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The Policy Group Meeting on 5 November was held primarily to review two proposed procedures regarding the administration of the Thrift Savings Plan. The meeting provided the occasion to review other items shown below. Messrs. [Redacted] were invited to the meeting, but did not attend.

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1. FERS Education Program: I briefly discussed what was planned for the education program for the remainder of the year. I mentioned the two remaining presentations by Ed Hustead on FERS and also the establishment of the Special Transfer Center beginning in mid-December. The establishment of the Center was predicated on the assumption that the transfer period would end in December and not be extended.

2. Memorandum of Understanding with OPM and the Thrift Board: [Redacted] began by briefly describing the atmosphere of the meeting and [Redacted] completed the discussion of what happened and gave a status report on the MOU. He indicated that OPM had proposed some changes to our revised MOU and that we had tried to accommodate their view. A new draft was provided to them on 29 October and we had not yet heard any reaction from them.

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I reported that a revised version of the MOU covering our administration of [Redacted] Thrift accounts was out for internal coordination. Once completed it would be submitted to the staff of the Thrift Board for their comments and review. I indicated my desire to get the MOU to the staff during the week of 9 November 1987.

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3. Third Thrift Open Season: [Redacted] briefly discussed her plans for the upcoming Thrift Open Season. She described the various Thrift Notes that were in preparation and events that would happen during the period, including the presentation by [Redacted] on 30 November. She also mentioned the brochures that would be made available and the timing of various activities.

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Some of the changes effective during the open season were also mentioned. She also reported that Agency employees had thus far contributed about \$11 million to its Plan and that our overall participation rate was 32% versus 21% for the rest of Government.

4. Thrift Automation: [ ] was not asked to give a status report on automation because he previously had done so at several meetings during the previous week. [ ] briefly discussed what had transpired on the handling of Thrift accounts of employees [ ]

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5. Meeting with the Internal Revenue Service on Thrift Tax Reporting: [ ] described the meeting that was held on 29 October to discuss tax reporting requirements for the Thrift Savings Plan if money from an individual account was rolled over to an IRA or other qualified plan. Although the IRS had been told in advance about the subject of the meeting, it did not have people present who could address tax reporting requirements for 401(K) plans. Their representatives expressed willingness to let the Agency set up [ ] IRA's but expressed skepticism that this was the best solution. In their view it was cumbersome, complicated and likely to be compromised. They urged the Agency to approach the Thrift Board for a more workable solution. It was agreed that we would get together with them again once they had researched the issue of tax reporting for 401(K)s.

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6. Review of Agency Personnel Security Practices: I indicated that work was progressing on this study and that I hoped to have a draft for Policy Group review by the end of the month. I said that the annuitants assigned to the project had been working on several things, so the effort has not gone as quickly as I had hoped.

7. Thrift Policy Issues: [ ] discussed two Thrift procedures that needed resolution. The first covered distributions from Thrift accounts. The group agreed that the Agency would handle all types of payouts, except for annuities. Our hope was to include our employees seeking annuities in with other Federal employees and let the Thrift Board arrange the annuities for them. In this way, the Agency would avoid fiduciary responsibility for these annuities and its employee could benefit from potentially higher

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interest arrangement negotiated by the Thrift Board.

[REDACTED]

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AGENDA

Retirement Policy Group Meeting

5 November 1987

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1. Update on Retirement Education Program
2. Memorandum of Understanding with OPM and Thrift Board
3. Plans for Third Thrift Savings Plan Open Season
4. Status of Thrift Automation Effort
  - A. Current Activities
  - B. Thrift Accounts of Employees on Overpayment Status
- 25X1 5. Meeting with IRS on Handling  Thrift Accounts
6. Review of Agency Personnel Security Practices and their Impact on Retirement Administration
7. Thrift Policy Issue 5
  - A. Tax Documentation
  - B. Thrift Account Distributions

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